



GOAD COMPANY

ST. LOUIS

260 OLD STATE ROAD
ELLISVILLE, MO 63021-5941

314-394-8334
800-733-4623

FABRICATIONS • SYSTEMS • PROCESSES

QUOTATION NO.

E 03890

DATE November 20, 1990

- Cerro Copper Products Company
P.O. Box 681
E. St. Louis, IL 62202

YOUR INQUIRY

ATTENTION OF David L. Cornell

F.O.B.		TERMS	ESTIMATED SHIPPING DATE
Our shop		Net 10 days	Approximately 12 weeks to complete
QUANTITY	DESCRIPTION	PRICE	TOTAL
	Labor and materials to fabricate and install hand lay-up fiberglass trough, per drawing 3612-C-1-C, Nominal 3/16" thickness wiht Atlac 382 resin thru-out wiht surfacing veil and parrafinated top coat in corrosion barrier. Thank you for this opportunity to quote. If we may be of further assistance, please do not hesitate to call.	\$12,850.00	

Subject To Terms and Conditions on Reverse Side.

BY 
Rick Ficker

CUSTOMER COPY

C05894

CERRO COPPER PRODUCTS CO.

A member of The Marmon Group of companies

INTERNAL MEMORANDUM

OTHER ADDRESSEES - FOR INFORMATION

cc: R. Conreaux
J. Davis
R. Groves

HQ-10

SHOW NAME, TITLE AND UNIT OF ADDRESSEE AND ADDRESSOR

TO: Jim Hintz

DATE: December 5, 1990

FROM: Dave Cornell

SUBJECT: SX TRENCH REPAIR

After several discussions with the potential supplier of the flexible liner for the SX area trench, we were not able to find a way to seal the liner to the trench lip. The rigid FRP liner was also evaluated, and we were able to develop a detail which should provide a reasonable seal at the trench lip. While working with Goad Co. to develop the detail, it became apparent that their original proposal was inadequate to achieve the desired results. Goad Co. resubmitted their proposal based on our discussions. The new proposal is for a field-fabricated, rigid FRP liner with the new lip detail for a cost of \$12,850.00. Cerro will be responsible for pumping out and cleaning the trench and sump, removal and disposal of the top course of brick as required, repair of the concrete trench lip and maintaining a dry trench during the construction of the liner.

As stated in the previous memo, the quoted cost for a new acid brick lining was \$20,830.00 with Cerro responsible for pumping out and cleaning the trench and sump, disposal of the material removed, repair of the concrete behind the lining and at the lip of the trench and maintaining a dry trench during construction.

While the cost differential is less than originally thought, it still appears to be advantageous to install the rigid FRP liner. If you agree, I will process the necessary paperwork and schedule the installation with production.

Dave Cornell

DLC/pp

C05895

CERRO COPPER PRODUCTS CO.

Other Addressees

P. Tandler
J. M. Grana
R. E. Conreux
M. McNerney

INTERNAL MEMORANDUM

File

To: R. W. Thompson

Date: November 28, 1990

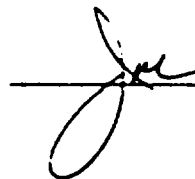
From: J. D. Burroughs

Subject: Piercing Mill Recycle System Electrical Additions

There are several items of electrical work that are required at the Piercing Mill due to the installation of the Recycle System. These items include:

1. The installation of a warning light for the crane operator on the Lamella clarifier to indicate that personnel are on the catwalk of the unit. This is necessary as there is a maximum of 5 foot clearance between the crane bridge and the floor of the catwalk. A switch for the light should be provided along the ladder to the catwalk.
2. Lighting should be provided in the basement area for work in the area of the tank and pump and an outlet should be provided for a sump pump like those used in the extrusion press basement. This pump will be piped to return any accumulation to the mill water tank.
3. Provision should be made to prevent operation of the crane in the recycle equipment area unless both trolleys are at the north end of the bridge. An override should also be provided to allow lifts to be made in the recycle equipment area.

These items will help in providing for the safety of our employees and protection of the equipment.



C05899

CERRO COPPER PRODUCTS CO.

A member of The Marmon Group of companies

INTERNAL MEMORANDUM

HQ-10 SHOW NAME, TITLE AND UNIT OF ADDRESSEE AND ADDRESSOR

OTHER ADDRESSEES - FOR INFORMATION

cc: P. Tandler

File

File - Tandler

TO: H. L. Schweich

DATE: November 27, 1990

FROM: R. E. Conreux

Schram
SUBJECT: ANODE ~~TREATMENT~~ WASTEWATER TREATMENT FACILITY
SCHEDULE AND COSTS

The following is the present status of this project based on my best knowledge and discussions I have had with Jim Hintz and Dave Durham.

SCHEDULE

I believe we are one to two weeks behind schedule; Jim Hintz feels we are no more than one week behind. The original plan was to begin debugging of equipment on November 26 and be in full compliance by January 1, 1991. Debugging on a limited basis is now scheduled to start December 3.

The Consent Decree requires that we be in full compliance by March 1. Our own schedule calls for January 1 and we still expect to make that date.

The AFE was approved on June 19. Svendsen Builders was awarded a time and material contract for the structure on June 22 in an attempt to get the building far enough along so the other contractors could proceed with a minimum of delays. On August 27 bid awards were made on the rest of the work to:

Svendsen Builders - Structural
Strange & Coleman, Inc. - Mechanical
J. F. Electric - Electrical

This award date gave the three contractors essentially only three months to do their Engineering, purchase equipment and materials, fabricate and complete installation. All three contractors and Chester Engineering have worked well together, but any delay that occurs to one has a domino effect with a tight schedule like this.

There have been a number of factors which have contributed to delays. The fiberglass tanks were delivered late as was some of the structural steel. The fatal accident to one of the iron workers resulted in them being off the job for one day and there has been a delay in completing the two large rubber lined tanks. The fiberglass tanks were ordered by us from Corrosion Products and subcontracted to Edwards Fiberglass. Both Dave Durham and Jim Hintz urged the tank supplier to expedite deliveries and made a trip to their plant. The large steel rubber lined tanks were the responsibility of Strange & Coleman and their subcontractors. The slowness in completing the rubber lined tanks has not had much impact on the rest of the schedule, but they are needed to make all parts of the project operational. The rubber lined sludge storage tank inside the new

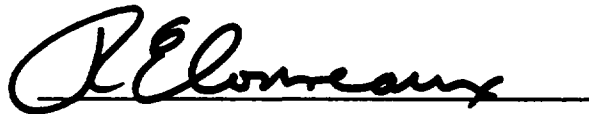
C05900

building can be temporarily bypassed, but the rubber lined storage tank for Building 19 or a temporary substitute must be available to transfer water to the Billet Furnace scrubber. We now expect the critical tank at Building 19 to be done in early December and the tank used for sludge to be done before the end of December. The status of these items are being reviewed with the contractor.

COST OVERRUN

Jim Hintz has informed me that he anticipates at least a 20% overrun. In looking the costs over, this seems conservative. The most significant reason is that the mechanical contract and equipment were badly underestimated when the AFE was prepared in June. The amount allowed for that part of the project was \$435,000 plus 20% contingency or \$542,000 total. The original mechanical contract alone was \$615,200 and the equipment purchased by Cerro brings the total to over \$865,000. To compound this problem, Jim Hintz, with my agreement, put the work on overtime early in October in order to meet the January 1 compliance date. In addition, the scope of the contract was increased by over \$50,000 for extras not covered in the bid.

I cannot find justification to attempt to backcharge any of the contractors for causing a serious delay in the project. Furthermore, although the importance of staying on schedule has been emphasized with them from the start, no penalties were included in the bid awards.

A handwritten signature in black ink, appearing to read "J. Elmer", written over a horizontal line.

REC/jpl

CERRO COPPER PRODUCTS CO.

INTERNAL MEMORANDUM

Other Addressees

J. M. Grana
FILE

Pw-Thomms

To: P. Tandler

Date: October 5, 1990

From: J. W. Staples
J. D. Burroughs

Subject: 6800 Gallon Tank
Building 80 Piercing Mill

Background

General Installation (local contractor) purchased a 6800 gal. polyethylene tank from Poly - Processing, Inc. (manufacturer) via Sun-Day Corp. (distributor) to be used in a wastewater treatment system for Building 80's Piercing Mill at Cerro Copper Products' Sauget, Il. plant.

This tank was part of a wastewater treatment system designed by Chester Engineers (consulting firm retained by Cerro) that was to be operational October 1, 1990 due to a consent decree signed by all parties participating. However, due to delays in equipment delivery and installation time required for completion startup date was moved to October 5, 1990. Piercing Mill operations have been prohibited until such system is operative.

Tank Information: 6800 gal. cross-linked polyethylene
12 ft. dia. x 9.5 ft. high
5 year warranty: 2 years at 100%
Final 3 years prorated down to 50%

Parties Involved

Chester Engineers - Pittsburgh, Pa.
John Lucey - Project Manager; Pittsburgh, Pa.
Ed Lukos - Resident Engineer

Poly - Processing, Inc. - Monroe, La.
"Skip" Bell - Vice President; Monroe, La.
Jack Miller - Sales Representative; Pittsburgh, Pa.

C05925

Sun - Day Corp. - St. Louis. Mo.

Harry Bush - Local Poly - Processing Sales Representative

General Installation - Maryland Heights. Mo.

Jeff Garnett - Project Manager

Discussion

The 6800 gal. polyethylene tank was recieved at the Sauget, Il. plant the week of September 17, 1990 without orifices which were to be field installations, by General Installation, to speed delivery. This was an agreed upon condition between all parties involved.

Friday, September 21, 1990, tank was inspected by J. W. Staples and findings confirmed by J. D. Burroughs and E. Lukos.

Findings: 1) Internal surface contained 10 to 12 gouges up to 3/16 in. deep (approx. wall thickness 9/16 in.)
2) External surface was not uniform
3) Tank geometry uneven: i.e., not cylindrical, warped, and deformed

Integrity of tank was questioned by writers and Chester Engineers (E. Lukos), and H. Bush with Sun - Day Corp. was advised.

Monday, September 24, 1990, H. Bush came to Cerro and inspected tank. Cerro asked for the following:

- 1) Poly - Processing's manufacturing standards (no ASTM Standards published)
- 2) Production reports on tank manufacture by Poly - Processing

H. Bush was advised of the time problem (October 5, 1990) and that Cerro and Chester Engineers felt that the tank might not be satisfactory. H. Bush indicated that he would obtain the information asked for (see attachments) and return. Cerro and Chester Engineers were also advised by H. Bush that a replacement tank would take 4-5 weeks to manufacture.

Wednesday, September 26, 1990, H. Bush returned and indicated to E. Lukos, J. Garnett, and the writers that under normal circumstances that the tank in question would not have been shipped in the condition observed.

H. Bush also stated that Poly - Processing would have on site a replacement tank would be on site on or before October 12, 1990.

H. Bush maintained that there was nothing wrong with the tank insofar as its final use was concerned and added if Cerro cut holes in the tank for temporary use it would not be acceptable for return.

Poly - Processing reports indicated:

- 1) Material contaminated by "bugs" ("wasps") when tank was formed - which were removed by cutting (gouging) interior surface at Monroe, La. prior to shipping
- 2) "Egg shaped" in appearance - due to mold condition

Cerro indicated, which H. Bush neither accepted nor denied, that the pipe orifices were not attached to the tank, as original quote stated, due to shipping delays at the manufacturing facility, which would have postponed operations at the Cerro - Sauget, Il. plant.

H. Bush was given 3 options to present to Poly - Processing:

- A) General Installation would install available tank which would subsequently be replaced by a new tank when recieved from Poly - Processing. Poly - Processing would bear the cost of shipping while reinstallation costs would be born by Cerro.
- B) Should the tank be determined to be sound a 50% reduction in cost of the original tank would be credited to General Installation and transferred to Cerro in lieu of Option A) above.
- C) Should the tank be determined to be sound and in lieu of Options A) and B) the warranty would be extended to 7 years: 4 years at 100%
Final 3 years being prorated down to 50%

H. Bush would not comment on or select any option and left plant.

Later that day H. Bush called J. W. Staples and stated:

- Option A) was not accepted
- Option B) was counter-offered at a 20% discount

After meeting, but before Bush's return call to J. W. Staples, E. Lukos talked to J. Lucey in Pittsburgh who contacted J. Miller who in turn contacted Poly - Processing in Monroe, La.

After Bush's return call to Staples, a conference call was set up with S. Bell, J. Lucey, and J. M. Grana. The conversation, as reported, included:

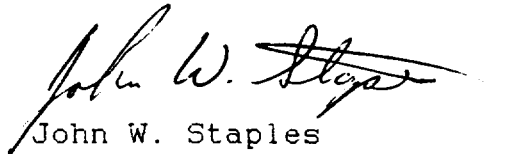
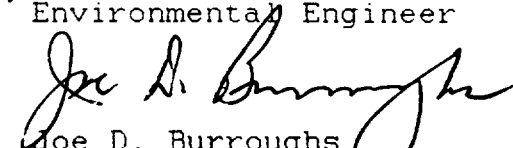
- 1) Bell unaware of problems or options given to Bush
- 2) Poly - Processing has 4 grades of tanks: 1 being highest quality; 4 being lowest quality. Bell indicated that Cerro had recieved a 2 or 3 grade tank.
- 3) Told of the options and of Bush's reply, Bell indicated Poly - Processing would do better than 20% discount on cost of tank.

Thursday, September 27, 1990. H. Bush called J. W. Staples and offered 25% reduction in cost (rather than 50% suggested). J. M. Grana approved for Cerro and H. Bush was so advised.

Conclusions

Poly - Processing, Inc. has confirmed the tank as recieved will perform satisfactorily and will retain the warranty as outlined in the original purchase order.

General Installation will recieve a 25% credit (approx. \$1100.00) on the purchase price which will be passed on to Cerro Copper Products Sauget, Il. facility.


John W. Staples
Environmental Engineer

Joe D. Burroughs
Environmental Engineer

Enclosures

POLY PROCESSING COMPANY - QUALITY CONTROL
NON CONFORMANCE NOTIFICATION #M01289

Order #44088

Date: 9/18/90

Serial #EX0091X

Model: 6500 OT

Color: Natural Oven #3

Shift: ST

Effect: 1) Foreign Material - Bugs molded inside tank.

2) Appearance - egg shaped top parting line all the way around.

Cause: 1) Contamination

2) Mold Condition

Inspector Date: 9/18/90

Impact: 200 lbs. @ -20°

Gel: 75.3%